

Message Text

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PAGE 01 PRETOR 01036 01 OF 02 040607Z
ACTION COME-00

INFO OCT-01 AF-08 ISO-00 EB-08 /017 W
-----040649Z 016591 /13

R 031458Z MAR 77
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC 6994
INFO AMCONSUL TAPE TOWN
AMCONSUL DURBAN
AMEMBASSY GABORONE
AMCONSUL JOHANNESBURG
AMEMBASSY MASERU
AMEMBASSY MBABANE

UNCLAS SECTION 1 OF 2 PRETORIA 1036

CAPE TOWN ALSO FOR EMBASSY
E.O. 11652. N/A
TAGS: BEXP. SF
SUBJ: FY-78 GRAG RECOMMENDATIONS

REF: STATE 13016
1. CHANGES IN AVAILABILITY OF ECON/COMMERCIAL MANPOWER
RESOURCES IN SOUTH AFRICA IN LAST YEAR HAVE BEEN SO SUBSTANTIAL
THAT IT IS NECESSARY TO PREFACE MISSION RECOMMENDATIONS ON FY-78
CRAG WITH FAIRLY SPECIFIC DISCUSSION OF THESE CHANGES. FY -76
CRAG BASED ON 7.3 MANYEARS OF TSO ECON/COMMERCIAL TIME. WITH
RECENT OR IMMEDIATELY PENDING CHANGES, ACTUAL AVAILABILITY OF
FSO ECON/ COMMERCIAL TIME HAS BEEN REDUCED TO 4.0 MANYEARS:
SPECIFICALLY TWO SLOTS IN PRETORIA, ONE IN JOHANNESBURG AND HALF
A SLOT EACH IN DURBAN AND CAPE TOWN. ON FSL SIDE,
LEVEL OF REDUCTIONS ALSO SUBSTANTIAL.
FY-UY CRAG PROVIDED FOR 13.8 MANYEARS OF FSL TIME WHILE
CURRENT AVAILABILITY IS 9 MANYEARS. OF THIS NUMBER, SINGLE
E/C FSL IN PRETORIA NOW FULLY OCCUPIED WITH PUBLICATIONS
PROCUREMENT. ON REQUIREMENTS SIDE, LEVEL OF CERP REPORTS
HAS REMAINED CONSTANT WHILE BUSINESS VISITORS, A/DS, WTDR
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PAGE 02 PRETOR 01036 01 OF 02 040607Z

AND TOP'S HAVE CONTINUED TO GROW. INCREASE HAS ALSO OCCURRED
IN EXPORT CONTROL, FCIA REQUESTS AND INVESTMENT COUNSELING
WORKLOADS. ALSO, REFLECTING GREATER INTEREST IN WASHINGTON,
NUMBER OF SPECIAL REPORTS REQUESTED HAS INCREASED SIGNIFICANTLY.

OVERALL RESULT IS THAT VAST BULK OF E/C RESOURCES CURRENTLY
COMMITTED TO REACTIVE WORK. IN PRETORIA LARGE SHARE OF

ECON/COM RESOURCES ARE TIED DOWN IN HANDLING CERP (16 REPORTS), WASHINGTON REQUESTS, MANAGEMENT, PUBLICATIONS, ETC. THIS TENDS TO RESTRICT POST EFFORTS TO PROVIDE EXPANDED ANALYTICAL REPORTING ON BROAD RANGE OF ECONOMIC SUBJECTS. NEED FOR WHICH WAS CITED IN STATE REFTEL. IN OTHER POSTS, PARTICULARLY JOHANNESBURG, HEAVY LOAD OF COMMERCIAL SERVICES, MARKET RESEARCH, CERP AND TRADE EVENTS CREATING INCREASED PRESSURES ON REDUCED MANPOWER RESOURCES.

2. IN LIGHT OF RESOURCE SITUATION DESCRIBED ABOVE. FOLLOWING ARE MISSION RECOMMENDATIONS ON CRAG.

A. PRODUCT LITERATURE DISPLAYS (CATALOGUE SHOWS). AS POINTED OUT IN JOHANNESBURG 377, MISSION' S EXPERIENCE IS THAT THESE SHOWS ARE PRODUCING RATHER LIMITED RESULTS IN SOUTH AFRICA AND REQUIRE A DISPROPORTIONATELY LARGE INPUT OF MANPOWER RESOURCES. IN VIEW OF THIS, MISSION BELIEVES THAT REDUCED LEVEL OF COMMERCIAL RESOURCES, (PARTICULARLY IN JOHANNESBURG) WOULD BE BETTER UTILIZED ON SCHEDULED CERP REPORTS, MARKET RESEARCH, ADS, MAJOR PROJECTS, FOREIGN BUYER PROGRAM AND TOP'S. BU SUSPENDING CATALOGUE SHOWS, BELIEVE OTHER ACTIVITIES LISTED ABOVE CAN BE KEPT AT ABOUT CURRENT LEVELS IN SPITE OF E/C PERSONNEL CUTS. MATTER COULD AGAIN BE REVIEWED FOR FY-79 CARAG.

B. MARKET RESEARCH, BELIEVE THIS IS AREA WHERE MISSION EFFORT CAN BE OF PARTICULAR USE TO US BUSINESS AND SHOULD BE RETAINED IN CRAG. MARKET RESEARCH FOR TWO CATALOGUE SHOWS ORIGINALLY SCHEDULED FOR FY-78 HAS BEEN COMPLETED AND CAN UNCLASSIFIED

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PAGE 03 PRETOR 01036 01 OF 02 040607Z

BE MADE AVAILABLE TO US BUSINESS IN PUBLISHED FORM BY USDOC. MOST MARKET RESEARCH IS CURRENTLY POST- CONDUCTED PRIMARILY BY JOHANNESBURG. FY-76 EXPERIENCE WITH SUCCESSFUL GLOBAL MARKET RESEARCH PROJECT FOR MEDICAL EQUIPMENT (WITHIN USDOC PRICE GUIDELINES) SUGGESTS POSSIBILITIES EXIST FOR ADDITIONAL OUTSIDE CONTRACTING. THIS OFFERS ADVANTAGES OF MORE COMPREHENSIVE REPORT THAN POST RESOURCES CURRENTLY PERMIT AND FREES SOME POST RESOURCES FOR GREATER FOCUS ON REMAINING REPORTS, BEST PROSPECTS, ETC.

C. MAJOR PROJECTS/ PRODUCTS. BY FY-78, SOUTH AFRICAN ECONOMY SHOULD HAVE RECOVERED FROM CURRENT RECESSION PROVIDED THERE IS NO MAJOR DETERIORATION OF POLITICAL SITUATION. MAJOR PROJECTS/ PRODUCTS EXPECT TO BE CONCENTRATED MORE IN PRIVATE SECTOR AS PUBLIC SECTOR WILL BE DIGESTING CURRENT LOAD OF PROJECTS FOR SOME TIME.

D. SUPPORT FOR COMMERCIAL ACTIVITIES IN BLS. BELIEVE MISSION WILL BE ABLE TO CONTINUE SUPPORT FOR TRADE PROMOTION IN BLS COUNTRIES, CHIEFLY IN THE FORM OF ASSISTANCE IN

CONTACTING US FIRMS IN SOUTH AFRICA TO URGE PARTICIPATION IN
TRADE EVENTS, IN BLS COUNTRIES. ESTABLISHMENT IN FY-76 OF
POL/ECON SLOT IN GABORONE WILL FACILITATE JOHANNESBURG
COMMERCIAL OFFICE ASSISTANCE IN BLS POSTS.

E. EXPORT CONTROL. WITH HEIGHTENED SCRUTINY OF EXPORTS
TO SOUTH AFRICA, THERE
HAS BEEN RECENT RISE IN EXCON WORKLOAD. IF THIS TREND
CONTINUES, IT MUST BE AT EXPENSE OF ACTIVITIES IN OTHER AREAS
IN VIEW OF E/C PERSONNEL CUTS.

F. INVESTMENT PROTECTION/ GUIDANCE, WITH THE SHARP
INCREASE IN INTEREST IN US AND USG ON ROLE OF US BUSINESS
IN SOUTH AFRICA, INVESTMENT PROTECTION AND GUIDANCE HAS
SHARPLY INCREASED IN IMPORTANCE AND WORKLOAD. LABOR PRACTICES
OF US FIRMS IN AREA OF PARTICULAR FOCUS AND REQUIRES CONSIDERABLE
INVOLVEMENT BY ECON/ COMMERCIAL COUNSELOR AND E/C OFFICERS IN
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PAGE 04 PRETOR 01036 01 OF 02 040607Z

ADDITION TO LABOR OFFICER. IN THIS CONNECTION, AMBASSADOR
WILL BE MORE HEAVILY ENGAGED IN CONTACTS WITH US BUSINESS
AND REQUIREMENTS FOR E/C AIN SUPPORT OF HIS EFFORTS WILL
ALSO INCREASE. THIS CATEGORY SHOULD BE SHIFTED TO
SECOND PLACE IN PRIORITY RANK.

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PAGE 01 PRETOR 01036 02 OF 02 040423Z
ACTION COME-00

INFO OCT-01 AF-08 ISO-00 EB-08 /017 W
-----040649Z 015422 /12

R 031458Z MAR 77
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC 6995
INFO AMCONSUL CAPE TOWN
AMCONSUL DURBAN
AMEMBASSY GABORONE
AMCONSUL JOHANNESBURG
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UNCLAS SECTION 2 OF 2 PRETORIA 1036

G. ECONOMIC REPORTING/NEGOTIATION/ REPRESENTATION. QUESTIONS OF DOMESTIC POLITICAL STABILITY IN SOUTH AFRICA AND INTERNATIONAL FINANCIAL SITUATION HAVE BECOME PREOCCUPYING FACTORS FOR US BUSINESSMEN. MISSION WILL BE REQUIRED TO MEET NEED FOR SOUTH ANALYSIS OF ECONOMIC AND BUSINESS CONDITIONS IN SOUTH AFRICA AND IMPLICATIONS FOR ECONOMY OF POLITICAL EVENTS. SEMI-ANNUAL TRENDS REPORT PARTICULARLY IMPORTANT IN THIS REGARD BUT AIM IS TO SUPPLEMENT THIS WITH VOLUNTARY REPORTS. WHILE TRADE NEGOTIATIONS REMAINS AREA OF IMPORTANCE, THIS IS BEING LARGELY COVERED IN GENEVA. IN CURRENT SA RECESSION, PROTECTIONIST FORCES ARE COMING TO FORE AND WE EXPECT NEED FOR GREATER REPORTING AND INVOLVEMENT IN THESE DEVELOPMENTS. WE WOULD RECOMMEND MOVING ECONOMIC REPORTING/NEGOTIATION/REPRESENTATION FROM 4TH TO FIRST PRIORITY.

3. IN REGARD TO SUGGESTION IN REFTEL OS SOUTHERN AFRICA CARAG, WE DO NOT BELIEVE THIS IS WORKABLE FOR FOLLOWING REASONS. (1) DIFFERENCES IN POLICY TOWARD SOUTH AFRICA AND BLS COUNTRIES IN REGARD TO TRADE PROMOTION ACTIVITIES; (2) CUTS IN E/C RESOURCES IN SA REDUCING RESOURCES AVAILABLE-
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PAGE 02 PRETOR 01036 02 OF 02 040423Z

BILITY FOR JOINT PROGRAMS; (3) PERHAPS MOST IMPORTANT, SPECIAL ECONOMIC SITUATION IN SA AND ROLE OF US BUSINESS REQUIRES PARTICULAR FOCUS OF E/C RESOURCES. REGARDING INCLUSION OF BLS COUNTRIES IN MARKET RESEARCH, THIS CAN PROBABLY BE DONE IN CONTRACT RESEARCH BUT JOHANNESBURG DOES NOT HAVE RESOURCES FOR THIS ADDITIONAL WORKLOAD IN POST-CONDUCTED MARKET RESEARCH.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: n/a
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Original Handling Restrictions: n/a
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Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
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Previous Handling Restrictions: n/a
Reference: 77 STATE 13016
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Review Action: RELEASED, APPROVED
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3219053
Secure: OPEN
Status: NATIVE
Subject: FY-78 GRAG RECOMMENDATIONS
TAGS: BEXP, SF
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/b00a38be-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009